

PIERSON TOWNSHIP
MONTCALM COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Pierson Township	County Montcalm
Fiscal Year End March 31, 2007	Opinion Date September 5, 2007	Date Audit Report Submitted to State September 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

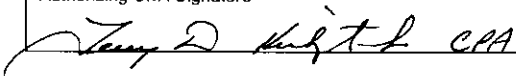
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Terry Kirkpatrick, CPA, P.C.		Telephone Number 231-796-3332	
Street Address 211 Maple Street		City Big Rapids	State MI
		Zip 49307	
Authorizing CPA Signature 		Printed Name Terry D. Kirkpatrick	License Number 18035

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Township Board
Pierson Township, Montcalm County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierson Township, Montcalm County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise Pierson Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Pierson Township, Montcalm County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pierson Township, Montcalm County, Michigan, as of March 31, 2007, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Pierson Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis- for State and Local Governments*, as of March 31, 2007. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pierson Township, Montcalm County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Terry Kirkpatrick, CPA, P.C.

Big Rapids, Michigan
September 5, 2007

BASIC FINANCIAL STATEMENTS

Pierson Township – Montcalm County, Michigan
Government Wide Statement of Net Assets
March 31, 2007
With Comparative Amounts at March 31, 2006

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 609,719	\$ 578,802
Accounts Receivable	18,326	18,260
Deferred Charges - Escrow	0	4,299
Receivables - Other Governmental Units	9,873	14,028
Capital Assets (Net)	<u>37,667</u>	<u>39,827</u>
Total assets	<u>\$ 675,585</u>	<u>\$ 655,216</u>
LIABILITIES		
Accrued Liabilities	\$ 2,186	\$ 150
NET ASSETS		
Invested in capital assets, net of related debt	37,667	39,827
Unrestricted	<u>635,732</u>	<u>615,239</u>
Total net assets	<u>673,399</u>	<u>655,066</u>
Total liabilities and net assets	<u>\$ 675,585</u>	<u>\$ 655,216</u>

The "Notes to Financial Statements" are an integral part of these statements.

Pierson Township – Montcalm County, Michigan
Government Wide Statement of Activities
For the Year Ended March 31, 2007
With Comparative Totals for the Year Ended March 31, 2006

	<u>Program Revenues</u>			<u>Governmental Activities</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>2007</u> <u>2006</u>
PRIMARY GOVERNMENT					
General Government	\$ 169,978	\$ 0	\$ 0	\$ (169,978)	\$ (156,706)
Public Safety	65,281	0	0	(65,281)	(60,587)
Public Works	183,739	0	0	(183,739)	(73,832)
Cultural and Recreation	29,367	50,850	0	21,483	33,051
Other Functions	13,330	0	0	(13,330)	(11,080)
Depreciation (unallocated)	2,160	0	0	(2,160)	(2,160)
Total primary government	\$ 463,855	\$ 50,850	\$ 0	(413,005)	(271,314)
General Revenues					
Property Tax, levied for general operations				96,655	90,428
State Grants				188,796	186,643
Charges for Services				90,837	116,856
Interest Earnings				29,253	12,195
Other Revenue				25,797	5,519
Total general revenues				431,338	411,641
Change in Net Assets				18,333	140,327
Net assets - Beginning of year				655,066	514,739
Net assets - End of year				\$ 673,399	\$ 655,066

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Pierson Township – Montcalm County, Michigan
 Governmental Fund Balance Sheet
 March 31, 2007
 With Comparative Totals at March 31, 2006

	General Fund	Big Whitefish Lake S/A Fund	Non-Major Governmental Funds	Total Governmental Funds	2006 Totals
ASSETS					
Cash and Cash Equivalents	\$ 442,922	\$ 123,536	\$ 43,261	\$ 609,719	\$ 578,802
Accounts Receivable	18,326	0	0	18,326	18,260
Deferred Charges - Escrow	0	0	0	0	4,299
Due from Montcalm County	7,380	1,143	1,200	9,723	8,865
Due from Cemetery Fund	191	0	0	191	191
Due from Current Tax Fund	150	0	0	150	5,163
Total assets	\$ 468,969	\$ 124,679	\$ 44,461	\$ 638,109	\$ 615,580
LIABILITIES AND FUND EQUITY					
Accrued Liabilities	\$ 2,186	\$ 0	\$ 0	\$ 2,186	\$ 150
Due to General Fund	0	0	191	191	191
Fund Balance - Unreserved and Undesignated	466,783	124,679	44,270	635,732	615,239
Total liabilities and fund equity	\$ 468,969	\$ 124,679	\$ 44,461	\$ 638,109	\$ 615,580
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets					
Total Governmental Fund Balances			\$	\$ 635,732	\$ 615,239
Amounts reported for governmental activities in the statement of net assets are different because:					
Cost of capital assets, net of depreciation				37,667	39,827
Net assets of governmental activities			\$	\$ 673,399	\$ 655,066

The "Notes to Financial Statements" are an integral part of these statements.

Pierson Township – Montcalm County, Michigan
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2007
With Comparative Totals for the Year Ended March 31, 2006

	General Fund	Big Whitefish Lake S/A Fund	Non-Major Governmental Funds	Total Governmental Funds	2006 Totals
REVENUES					
Property Tax	\$ 96,655	\$ 0	\$ 0	\$ 96,655	\$ 90,428
Licenses and Permits	16,052	0	0	16,052	12,136
State Grants	188,796	0	0	188,796	186,643
Charges for Services	74,285	0	500	74,785	104,720
Interest and Rents	23,508	4,632	1,113	29,253	12,195
Other Revenue	25,797	33,300	17,550	76,647	56,669
Transfer from BWL Fund	0	0	0	0	6,314
Transfer from LWL Fund	0	0	0	0	3,948
Total revenues	425,093	37,932	19,163	482,188	473,053
EXPENDITURES					
General Government	169,978	0	0	169,978	156,706
Public Safety	65,281	0	0	65,281	60,587
Public Works	183,739	0	0	183,739	73,832
Cultural and Recreation	0	18,288	11,079	29,367	18,099
Other Functions	13,330	0	0	13,330	11,080
Transfer to General Fund	0	0	0	0	10,262
Total expenditures	432,328	18,288	11,079	461,695	330,566
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,235)	19,644	8,084	20,493	142,487
Fund Balance - April 1,	474,018	105,035	36,186	615,239	472,752
Fund Balance - March 31,	\$ 466,783	\$ 124,679	\$ 44,270	\$ 635,732	\$ 615,239

The "Notes to Financial Statements" are an integral part of these statements.

Pierson Township – Montcalm County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended March 31, 2007

With Comparative Amounts for the Year Ended March 31, 2006

	<u>2007</u>	<u>2006</u>
Net Change in Fund Balances - Total Government Funds	\$ 20,493	\$ 142,487
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation		
Depreciation expense	<u>(2,160)</u>	<u>(2,160)</u>
Change in Net Assets of Governmental Activities	<u>\$ 18,333</u>	<u>\$ 140,327</u>

The "Notes to Financial Statements" are an integral part of these statements.

Pierson Township – Montcalm County, Michigan

Fiduciary Fund

Statement of Net Assets

March 31, 2007

With Comparative Amounts at March 31, 2006

	<u>Agency Fund Type</u>	
	<u>Property Tax Collection Fund</u>	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,150	\$ 5,163
LIABILITIES		
Due to General Fund	\$ 150	\$ 5,163
Due to Other Governmental Units	2,000	0
Total liabilities	\$ 2,150	\$ 5,163

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pierson Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Pierson Township:

Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Pierson Township's property tax is levied on each December 1st on the taxable valuation of property located within Pierson Township as of the preceding December 31st.

Pierson Township – Montcalm County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2007

Although the Pierson Township 2006 ad valorem tax is levied and collectible on December 1, 2006, it is Pierson Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2006 taxable valuation of Pierson Township totaled approximately \$105,302,000, on which ad valorem taxes levied consisted of .5597 mills for the Township operating purposes. These amounts are recognized in the General Fund financial statements as Due from Montcalm County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Big Whitefish Lake Special Assessment Fund is used to record special assessment and interest for expenditures for weed control in the lake.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports two non-major special revenue funds for a cemetery fund, and also one for weed control on Little Whitefish Lake.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and are considered delinquent on March 1st of the following year, at which time interest and penalties are assessed.

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 Years
Building Improvements	15 to 30 Years
Equipment	5 to 10 Years

Pierson Township – Montcalm County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2007

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by April 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 609,719

The bank balance of the primary government's deposits is \$613,850, of which \$301,000 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Big Whitefish Lake S/A	Non-Major	Total
Taxes and S/A Receivable from County	\$ 7,380	\$ 1,143	\$ 1,200	\$ 9,723

Pierson Township – Montcalm County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2007

NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and Improvements	\$ 12,947	\$ 0	\$ 0	\$ 12,947
Capital assets being depreciated				
Buildings	67,200	0		67,200
Equipment	9,300	0		9,300
Less Accumulated depreciation for Capital assets	(49,620)	(2,160)		(51,780)
Net capital assets	\$ 39,827	\$ (2,160)	\$ 0	\$ 37,667

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTE F – INTERFUND RECEIVABLES and PAYABLES

Receivable Fund	Payable Fund	Amount
General	Agency	\$ 150
General	Cemetery	191

NOTE G – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

Pierson Township – Montcalm County, Michigan
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended March 31, 2007
 With Comparative Actual Amounts for the Year Ended March 31, 2006

	Original Budget	Amended Budget	2007 Actual	Variance with Final Budget Favorable (Unfavorable)	2006 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 474,018	\$ 474,018	\$ 474,018	\$ 0	\$ 351,902
Resources (inflows)					
Property Tax	84,000	84,000	96,655	12,655	90,428
Licenses and Permits	7,500	7,500	16,052	8,552	12,136
State Grants	190,000	190,000	188,796	(1,204)	186,643
Charges for Services	106,000	106,000	74,285	(31,715)	104,125
Interest and Rents	8,000	8,000	23,508	15,508	10,023
Other Revenue	1,300	1,300	25,797	24,497	5,519
Transfer from BWL Fund	0	0	0	0	6,314
Transfer from LWL Fund	0	0	0	0	3,948
Amounts Available for Appropriation	870,818	870,818	899,111	28,293	771,038
Charges to Appropriations (outflows)					
General Government	51,500	47,483	43,449	4,034	30,842
Township board	17,000	17,000	13,739	3,261	14,841
Supervisor	10,000	10,000	5,457	4,543	669
Elections	36,000	36,118	36,118	0	33,367
Assessor	22,000	22,000	20,079	1,921	20,131
Clerk	2,000	2,000	1,543	457	1,145
Board of review	28,000	28,000	22,549	5,451	25,479
Treasurer	15,000	16,365	16,365	0	11,777
Townhall	17,000	17,000	10,679	6,321	13,270
Cemetery					
Public Safety					
Fire protection	50,000	50,000	46,298	3,702	48,338
Planning and zoning	30,000	30,000	18,983	11,017	12,249
Public Works					
Highways, streets & bridges	103,300	134,223	182,866	(48,643)	72,895
Public Drain	1,000	1,000	0	1,000	425
Street lighting	1,000	1,000	873	127	512
Other Functions					
Insurance and Bonds	7,000	7,000	5,690	1,310	5,918
Social security/ medicare tax	6,000	6,000	4,606	1,394	5,162
Prior Year Tax Refunds	0	2,534	3,034	(500)	0
Total Charges to Appropriations	396,800	427,723	432,328	(4,605)	297,020
Budgetary Fund Balance - March 31,	\$ 474,018	\$ 443,095	\$ 466,783	\$ 23,688	\$ 474,018

Pierson Township – Montcalm County, Michigan
 Budgetary Comparison Schedule
 Big Whitefish Lake S/A Fund
 For the Year Ended March 31, 2007
 With Comparative Actual Amounts for the Year Ended March 31, 2006

	Original Budget	Amended Budget	2007 Actual	Variance with Final Budget Favorable (Unfavorable)	2006 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 105,035	\$ 105,035	\$ 105,035	\$ 0	\$ 82,320
Resources (inflows)					
Interest and Rents	0	0	4,632	4,632	1,766
Other Revenue - Special Assessments	33,300	33,300	33,300	0	33,300
Amounts Available for Appropriation	138,335	138,335	142,967	4,632	117,386
Charges to Appropriations (outflows)					
General Government	0	0	0	0	1,785
Recreation and Cultural					
Contract services	75,000	75,000	18,288	56,712	4,252
Transfer to General Fund	0	0	0	0	6,314
BUDGETARY FUND BALANCE - March 31,	\$ 63,335	\$ 63,335	\$ 124,679	\$ 61,344	\$ 105,035

OTHER SUPPLEMENTAL INFORMATION

Pierson Township – Montcalm County, Michigan

Balance Sheet

Non-Major Governmental Funds

March 31, 2007

With Comparative Totals at March 31, 2006

	Little Whitefish Lake S/A Fund	Cemetery Fund	2007 Totals	2006 Totals
ASSETS				
Cash and Cash Equivalents	\$ 26,203	\$ 17,058	\$ 43,261	\$ 35,300
Due from County	1,200	0	1,200	1,077
Total assets	<u>\$ 27,403</u>	<u>\$ 17,058</u>	<u>\$ 44,461</u>	<u>\$ 36,377</u>
LIABILITIES AND FUND EQUITY				
Due to General Fund	\$ 0	\$ 191	\$ 191	\$ 191
Fund Balance	27,403	16,867	44,270	36,186
Total liabilities and fund equity	<u>\$ 27,403</u>	<u>\$ 17,058</u>	<u>\$ 44,461</u>	<u>\$ 36,377</u>

Pierson Township – Montcalm County, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended March 31, 2007
With Comparative Totals for the Year Ended March 31, 2006

	Little Whitefish Lake S/A Fund	Cemetery Fund	2007 Totals	2006 Totals
REVENUES				
Charges for Services	\$ 0	\$ 500	\$ 500	\$ 595
Interest and Dividends	453	660	1,113	406
Other Revenues - Special Assessments	17,550	0	17,550	17,850
Total revenues	18,003	1,160	19,163	18,851
EXPENDITURES				
General Government	0	0	0	3,400
Recreation and Cultural	11,079	0	11,079	13,847
Transfer to General Fund	0	0	0	3,948
Total expenditures	11,079	0	11,079	21,195
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,924	1,160	8,084	(2,344)
FUND BALANCE - April 1,	20,479	15,707	36,186	38,530
FUND BALANCE - March 31,	\$ 27,403	\$ 16,867	\$ 44,270	\$ 36,186

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September 5, 2007

Members of the Township Board
Pierson Township
Montcalm County, MI

We recently completed our audit of the basic financial statements of Pierson Township for the year ended March 31, 2007. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Township. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

BANK RECONCILIATIONS

For many years the Treasurer has done a very good job preparing bank reconciliations to be certain that the cash balance he carries for each fund is correct.

The Clerk needs to prepare bank reconciliations (for each bank account) monthly to make certain that the cash balance she carries for each fund is correct. If there is an error in the general ledger for the cash accounts it should be corrected each month. If the Clerk does not understand how to prepare bank reconciliations she should seek assistance. Without a bank reconciliation, it is nearly impossible to know if the books contain all revenues and expenditures, as well as know whether the cash balance in the general ledger is correct.

The Clerk's record keeping has shown improvement over the years; however by not preparing monthly bank reconciliations it is nearly impossible for her to find her errors.

OTHER DISCUSSIONS WITH CLERK AND TREASURER

We have also discussed other topics with the Clerk and Treasurer that should be implemented to assist in the financial record keeping process. Such topics were the Clerk maintaining general ledgers for the two special assessment funds and the cemetery fund; separate receipt books for each fund; accounting for numeric numbers on zoning permits; provision for Clerk to receive copies of all bank statements and the attached images of the cancelled checks.

OTHER MATTERS

We have enjoyed working with your staff. Their assistance was instrumental in our timely completion of the audit.

We have submitted two copies of the audit report, the auditing procedures report, and this letter to the Michigan Department of Treasury, Local Audit Division.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

Terry Kiehl CPA, P.C.